

PX 609

Message

From: [REDACTED]
 Sent: 10/19/2017 6:29:36 AM
 To: Ripple [REDACTED]
 Subject: Miguel's interview with [REDACTED]

Hi Team,

Miguel's call with [REDACTED] this morning went okay. Not great. During our debrief, Miguel even gave the conversation at B-. It got a bit weeded as [REDACTED] tried to make comparisons to traditional markets to get a sense of what to make of the digital assets market and I'm not sure he did a good job of explaining it fully.

At one point, she asked him what Ripple considers XRP (security, commodity, etc.) and Miguel said that he personally views it as a currency, certainly a digital asset, but that Ryan Zagone would have a better answer (which I thought strange since he is Head of Markets for the company - seems like something you would have a good grasp on).

He also made a few predictions about where the digital assets exchanges would be in the next 12 months that I myself don't know made sense. Lily seemed surprised so I wanted to flag it.

In terms of tone, he came off a bit cocky. His last answer regarding why the lending is taking long, he answered kind of flippantly about basically how different and complex these things are than his days at "Morgan Stanley," which just came off awkwardly. Another flag was when she asked him about previous reports, and he said "I'll tell you only if you promise not to go look at it. It's not good. I was new to the company and get ripped for it online." Not a good answer IMO for a [REDACTED] reporter (or really any reporter).

She had follow-up Q's for him regarding a few answers that I will send along on the thread now. I tried to go through some of these things in debrief but seemed on the go so it wasn't long, which was another thing that bothered me a bit, he told her multiple times that he was in the car and there was background noise as he got out of his Uber and it was just a bit distracting. I have included my notes below. are a bit rough, but I tried to capture the specific language where I could so that everybody could take a look at flag anything else that I may not have thought to flag in this recap.

Let me know of any Q's - happy to talk live when I get in this morning.

[REDACTED] interview with Miguel Vias - Q3 XRP Markets Report

[REDACTED] So Ripple is on 30 exchanges now, how many last quarter

Miguel: I'll have to get that for you.

[REDACTED] XRP now trades at this number per quarter, how much did it trade last quarter.

Miguel: I'm not sure off the top of my head. I'll have to get that for you. Should probably start including, though.

[REDACTED] Yes, Q over Q, and even Year over Year is helpful with reports like these.

[REDACTED] You say most are institutional? Do you have a breakdown?

Miguel: In the end of the report, we mention OTC liquidity. I point that out because there was almost none. Anyone who is not an otc market make if they buy from us they are an institution. We don't have high-end individuals or retail. So I guess they are 100% institutions.

it would be interesting to see a breakdown if you can get one? Do you have a sense?

Miguel: OTC is by nature opaque, so don't have a good feel for OTC markets versus exchange. As the OTC market grows it will even out. What is the breakdown in the market? I ask everybody but they don't have a good answer.

Institutional buyers who come, who are they?

Miguel: Small family shows, crypto funds? Goldman Sachs possibly looking to get into the space. We see demand from larger ones and smaller ones.

How much do you see OTC trading in the next year?

Miguel: Well, funny enough, I get into these market dynamic debates with folks all the time, the space started off retail focused and it seems like with the advent of derivative exchanges. It wants to go to retail to institutional. That's not how FX works. by and large, FX is an OTC market. I believe OTC will outpace trading in next 12 months.

When you mean it will outpace, you mean for Ripple?

Miguel: I do think for all, actually.

Interesting.

Miguel: Didn't mean to wonk out on you there.

In Q3 market participants bought XX XRP. That's institutional right? Is this XRP that Ripple is selling.

Miguel: That's the amount of XRP we sell into the exchanges each day.

So that's people selling on the exchange?

Miguel: It's a way to raise funds for company and put capital in the market.

Why was the number like \$30 m this quarter. Why so much higher than last quarter?

Miguel: We were listed in more (and bigger) exchanges since last quarter.

Such as Korea- why you saw the bump.

You can choose how much XRP you put on exchanges? Can't you control how much is sold?

Miguel: No, only what we're going to sell. It's structured. We choose a percentage of volume to put into the market. More to do with operations.

What drove the decision to put more in this quarter than last quarter?

Miguel: As volume picks up, you'll watch number grows. The goal is to keep the percentages stable. We want to be cognoscente. Long time of concerns (which is why we executed escrow), that Ripple could smash the market, but we are incredibly conservative and consistent. It will stay at 20 point to 25 point level. It's based on operations.

What do you mean operations?

Miguel: It's basically our budget.

How do most people buy XRP?

Miguel: Right now it is Korean Yuan.

Would love to see if you have the data on that.

Miguel: Sure, didn't see relevant this quarter this, but we track very closely. The goal is as a bridge asset from fiat to fiat. (easily provide that for you).

Has it been that way for a while.

Miguel: Before that, it was bitcoin, before that it was the dollar.

Fiat profile is developing. I think Japan will be significant in the future.

Did you see a drop off since the story on Korean ICO crackdown?

Miguel: I didn't see if that was final. Only saw China. Broadly ICO's don't impact XRP. It hasn't been a part of anything a part of building liquidity out of these corridors.

So, I thought it was interesting that in the report it says XRP less volatile.

You talk about continuing to increase liquidity of XRP. How?

Miguel: Increase exchanges, increase listings on OTC markets.

Been at a few conferences (lists WAY too many), and it's clear to me that for a long time, there wasn't a clear understanding into how XRP plays into Ripple, it didn't have exposure. It's multifaceted, it's awareness, education, partnerships, and even more partnerships with payment provider. The most important announcement was the Qualix announcement. That's a clear example that the utility that we see XRP as a bridge asset is seen by other providers. You need some speculation, you need some market makers, but you need people with a need for liquidity. FX is \$5T a day because the auto parts maker who needs to get paid in Yen but only has dollars. That's the building blocks of liquidity. The goal is to see XRP solve problems they can't currently solve.

How many banks are actually using?

Miguel: Like not XRP? Just products? When you say the platform that's a broad statement.

We don't have banks using XRP now. You'll see them using later as a bridge, and that's playing out.

When it comes to xCurrent/xVia, not sure of numbers, but can get for you.

Maybe silly Q.

Miguel: No such thing as a silly question.

Miguel: Why has price of XRP gone up, but bitcoin gone down.

Two completely different market. They are not involved in macroeconomic situation. When you look at any of these things versus the other it's the dynamics. There is more independence of XRP from bitcoin. Reacting to it's own set of things in relationship to the market. You'll see these correlations break down more and more.

Why more stable?

Miguel: Increased liquidity.

Do you consider it a security, commodity, etc.

Miguel: Not sure we have an official position. I think of it as a currency, we obviously view as a digital asset.

They are squarely in that space. Ryan Zagone may have a better answer on that.

The part about lending at the end.

Miguel: Do you mean lending for margin trading? Certainly, something somebody could do.

But, we mean lending to OTC market makers to help bolster in the space.

Isn't that the same thing?

Miguel: No, not really. It's helping someone to help a client, not someone make a position.

So you lend them XRP?

Miguel: Correct.

That's what you're doing then. Lending XRP, right?

Miguel: That's a big step for the liquidity pools. A massive advantage for us is, it's challenging to find liquidity tools where you can do this. XRP gives us an advantage.

Is margin trading something you're looking at?

Miguel: We don't have any plans to lend XRP to the exchanges. Not in our wheelhouse. The space is sorely lacking prime brokerage services from larger banks. Those are traditional folks who leverage this trading for their clients. Not to say that in the future, not to say we wouldn't be able to lend to large investment banks to lend in the space.

Yeah, gotcha. Lending taking longer than expected, why?

Miguel: Oh Lily, anything new like taxes, compliance, legal, (getting out of car), maybe think it's going to be like we do at Morgan Stanley, but we are working through it and confident we will get it going this quarter. The unknown unknown can be challenging.

How much XRP is owned by the founder.

Miguel: I don't know. That's a great Q.

Not sure we even know.

What about XX.

Miguel: We own \$60b XRP.

Can you give me a quick breakdown of the escrow.

Miguel: We're going to place \$55b in escrow and put a billion unlocked for 55 months. (Noise in the background).

There can still only be \$150bn XRP.

Last question, when did you start putting them out.

Miguel: Q4 2016. Got lambasted for it. Only been there a few weeks.

Just want to see where the demand for it came from.

Miguel: It came from want to educate and provide exposure. We're largest markets in the world.

It's incredible for us to build a track record. Be good stewards now and forever. Turn off your phone.

It reminds me of a traditional earnings report. Was that what you're trying to emulate.

Miguel: I write them and don't work for an equity company or finance for a PTC.

If anything, you brought me back to the summer of 99, it's more like a research markets report.

It's more how XRP is trading and less what you're doing. Do you put anything else out?

Miguel: We don't, but maybe we should.

I think that the whole idea behind the company is that it's so tied together. So you'd think it would be good to put out.

Miguel: Good feedback, imagine that as two separate reports. In the long run, the two streams converge. With the respect for this report, this is a focus on the markets.

Being in NYC gives us a good place to be. The tech is in NYC, but important to be here.

Things Lily needs as a follow-up: How many exchanges compared to last Q, fiat currency breakdown, and how much XRP traded per day from last Q to this.

follow-up: 1) How many exchanges XRP was on and 2) how much XRP was traded per day (it was \$179.3 million this quarter). I'd also love to see the geographic breakdown of how much money is coming into XRP from which countries.

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